

# **Status of Old Standard Life Insurance Company in Liquidation**

April 16, 2009

Old Standard Life Insurance Company (OSL) was organized and incorporated as a stock life insurance company on November 7, 1988, and was domiciled in the State of Idaho (Idaho Certificate of Authority No. LC 1856). OSL was a member of an insurance holding company system as defined in Title 41, Chapter 38, Idaho Code.

OSL was a wholly owned subsidiary of Summit Group Holding, Inc., which was a wholly owned subsidiary of Summit Securities, Inc., which was a wholly owned subsidiary of National Summit Corporation (collectively referred to as "Summit"). Both Summit and a sister company, Metropolitan Mortgage and Securities, which owned a sister insurer, Western United Life Assurance Company, are now operating under confirmed bankruptcy plans resulting in the formation of creditors' trusts. The Summit Creditors' Trust holds the majority of the beneficial interest in the stock of OSL, with Metropolitan Creditors' Trust holding a minority interest. The creditor's trusts are both managed by Maggie Lyons.

On March 2, 2004, the Director of the Idaho Department of Insurance petitioned the Fourth Judicial District Court for Ada County, State of Idaho, for an order of rehabilitation pursuant to Chapter 33, Title 41, Idaho Code. As a result, the Idaho state court entered its March 2, 2004 Order of Rehabilitation (Civil Case No. CV OC 0401574D). The purpose of the Order of Rehabilitation was to help protect OSL's assets during the pendency of the Summit and Metropolitan bankruptcy proceedings, and to give the OSL Rehabilitator an opportunity to evaluate OSL's financial stability and business operations. On December 14, 2004, the court entered an Amended Order of Rehabilitation which superseded the original Order. After extensive efforts by the appointed deputy receivers disposing of assets and settling creditor claims, at the Director's request the court entered an order placing the company into liquidation on April 15, 2009.

OSL continues to be operated by its Special Deputy and Assistant Special Deputy, both retained by the Idaho Director of Insurance and appointed by the court. OSL has no employees. OSL reduced its support personnel to two part-time support persons and retained independent tax accounting, real estate and loan account servicing and asset disposition specialists. Also, the Special Deputies personally handle the disposition of certain of the OSL assets. Since the sale of its subsidiary Old West Annuity and Life (OWAL) along with OSL's insurance business, OSL has no policy-servicing needs.

OSL remains in the same office building in Spokane, WA that it has been in since the inception of the receivership but with a greatly reduced office size.

OSL has surrendered its insurance certificates of authority in all states and is no longer filing its financial statements on the form required by the National Association of Insurance Commissioners for operating insurance companies.

Contemporaneous with the entry of the Liquidation Order, Proof of Claim forms were made available for creditors to file claims against the company's assets. Those forms must be received by the company by July 31, 2009.

OSL still has a significant portfolio of bonds, real estate and loans. Although OSL has had good success in selling various assets in its portfolio, the current economic situation has created special challenges in liquidating its remaining real estate and loan assets. OSL believes that as the economic situation begins to recover, it will speed the ultimate liquidation and closure of the estate.